

December 21, 2007

Montana Medicaid Notice

Physicians, Mid-Level Practitioners, Pharmacy

Compound prescription billing changes

Effective January 15, 2008, the Department will no longer pay for compounded prescriptions using Department assigned 00888 codes. Upon adoption of ARM 37-86-1105(4) Montana Medicaid shall reimburse pharmacies for compounding drugs only if the client's drug therapy needs cannot be met by commercially available dosage strengths and/or forms of the therapy.

The following procedures are to be followed if a compounded medication is indicated:

- "Prescription claims for compound drugs shall be billed using the National Drug Code (NDC) number and quantity for each ingredient in the compound.
- "No more than 25 ingredients may be reimbursed in any compound.
- "Reimbursement for each drug component shall be determined in accordance with ARM 37.86.1101.
- "Prior authorization requirements for individual components of a compound must be met for reimbursement purposes.
- "Prior authorization shall be required to be reimbursed for a dispensing fee over \$12.50.
- "The dispensing fee for each compounded drug shall be \$12.50, \$17.50, or \$22.50 based on the level of effort required by the pharmacist.
- "The department does not consider reconstitution to be compounding.

The following NCPDP 5.1 valid values are required to appropriately bill the Department for compounded medications:

- "Compound code of 2 in NCPDP field 406-D6,
- "Submission clarification code 8 in the Submission clarification code NCPDP field 420-DK

(Process compound for approved ingredients)

- "Indicate one of the following Level of effort valid values in NCPDP field 474-8E (DUR/PPS Level of Effort):

11=Level 1 = \$12.50
12=Level 2 = \$17.50 PA required
13=Level 3 = \$22.50 PA required

Prior authorization is required for reimbursement under levels of effort "2" and "3" These levels of effort shall be based on the complexity and special handling requirements as follows:

Level 3 compound guidelines:

- "Compounding in a biological safety cabinet
- "Complex ingredient manipulation
- "More than 30 minutes hands-on compounding time

Level 2 compound guidelines:

- "More than 15 minutes hands-on compounding time
- "Aseptic technique
- "Incorporation of ingredients: high concentrations/ solubility issues

Level 1 compound (commonly used) (NO Prior Authorization required) examples include:

- "Magic mouthwash
- "Wilson's solution
- "Mupirocin in nasal saline
- "Steroid ointments diluted in petroleum base

The pharmacy may submit requests by mail, telephone, or FAX to:

Mountain Pacific Quality Health
Drug Prior Authorization Unit
3404 Cooney Drive
Helena, MT 59602
(406) 443-6002 or (800) 395-7961 (Phone)
(406) 443-7014 or (800) 294-1350 (Fax)

To request prior authorization, providers must submit the information requested on the attached Request for Drug Prior Authorization Form to the Drug Prior Authorization Unit.

Any questions regarding this notice can be directed to Wendy Blackwood at (406) 444 2738 or the Medicaid Drug Prior Authorization Unit at (406) 443 6002.

Contact Information

For claims questions or additional information, contact Provider Relations:

Provider Relations toll-free in- and out-of-state: 1-800-624-3958

Helena: (406) 442-1837

Visit the Provider Information website:

<http://www.mtmedicaid.org>